

File No. 315

(Reprint of File No. 87)

House Bill No. 5280
As Amended by House
Amendment Schedule "A"

Approved by the Legislative Commissioner
April 2, 1998

AN ACT CONCERNING BANK APPLICATIONS.

Be it enacted by the Senate and House of
Representatives in General Assembly convened:

1 Section 1. Subsection (i) of section 36a-70 of
2 the general statutes, as amended by section 3 of
3 public act 97-209, is repealed and the following
4 is substituted in lieu thereof:
5 (i) If the application is approved by the
6 approving authority, a temporary certificate of
7 authority, valid for eighteen months, shall be
8 issued to the organizers authorizing them to
9 complete the organization of the Connecticut bank.
10 The organizers shall thereupon file one copy of
11 the temporary certificate of authority and one
12 copy of the certificate of incorporation with the
13 Secretary of the State. The [approving authority]
14 COMMISSIONER may, upon the application of the
15 organizers [before the termination of the
16 eighteen-month period] and after a hearing
17 thereon, extend, for cause, the period for which
18 the temporary certificate of authority is valid.
19 Sec. 2. Section 36a-125 of the general
20 statutes is repealed and the following is
21 substituted in lieu thereof:

22 (a) Except as provided in subsection (i) of
23 this section, any two or more Connecticut banks
24 may, with the approval of the commissioner, merge
25 or consolidate into a single Connecticut bank. As
26 used in this section, a "constituent temporary
27 bank" means a constituent Connecticut bank that
28 has a temporary certificate of authority but does
29 not have a final certificate of authority to
30 commence business, and a "constituent final bank"
31 means a constituent Connecticut bank that has a
32 final certificate of authority to commence
33 business. Any plan of merger or consolidation
34 approved by the commissioner shall specify whether
35 the resulting bank shall operate as a bank and
36 trust company, or a capital stock or mutual
37 savings bank or savings and loan association.

38 (b) The governing board of each constituent
39 final bank and the organizers of each constituent
40 temporary bank proposing to merge or consolidate
41 shall enter into an agreement, approved and
42 executed by a majority of the governing board or
43 all of the organizers, as the case may be, of each
44 bank, prescribing the terms and conditions of such
45 proposed merger or consolidation. Such agreement
46 shall include the proposed certificate of
47 incorporation of the resulting bank and shall
48 state the name and corporate form of the resulting
49 bank, the town in which its main office is
50 located, the minimum and maximum number of
51 directors and any other details necessary to
52 effectuate such proposed merger or consolidation.
53 In the case of a capital stock resulting bank, the
54 agreement shall include the amount of capital
55 stock with which the resulting bank shall commence
56 business, the number of shares into which the
57 capital stock is to be divided and the manner of
58 converting the shares of the capital stock of the
59 constituent banks into shares of the capital stock
60 of the resulting bank and, if any shares of the
61 capital stock of any of the constituent banks are
62 not to be converted solely into shares of the
63 capital stock of the resulting bank, the amount of
64 cash, property or other securities of the
65 resulting bank or the shares or other securities
66 of any other corporation which the holders of such
67 shares are to receive in exchange for or upon the
68 conversion of such shares, which cash, property or
69 other securities of the resulting bank, or shares

70 or other securities of any other corporation, may
71 be in addition to or in lieu of the shares of the
72 resulting bank. In the case of a merger or
73 consolidation involving a mutual constituent bank
74 and a capital stock constituent bank, if the
75 resulting bank is to be a mutual bank, the
76 agreement shall include the amount of cash or
77 property of the resulting mutual bank which the
78 holders of the shares of the capital stock
79 constituent bank are to receive in exchange for
80 such shares.

81 (c) Such agreement may provide for the
82 effective date of the proposed merger or
83 consolidation, which shall not be earlier than the
84 filing of the agreement and the commissioner's
85 approval in the office of the Secretary of the
86 State. If the agreement does not provide an
87 effective date, the merger or consolidation shall
88 become effective on the first business day
89 following the filing of the agreement and approval
90 in the office of the Secretary of the State. In
91 the case of capital stock constituent banks, the
92 merger or consolidation agreement may provide that
93 no new certificates of stock need be issued to
94 holders of stock of the constituent bank which
95 continues its corporate existence and that the
96 certificates of stock of any other constituent
97 bank may be deemed to be the certificates of stock
98 of the resulting bank or any other corporation,
99 provided that holders of certificates of stock of
100 such other constituent bank shall be entitled to
101 exchange their certificates of stock for
102 certificates of stock of the resulting bank or
103 such other corporation.

104 (d) In addition to the vote of the governing
105 board or organizers as required by subsection (b)
106 of this section, in the case of a capital stock
107 constituent final bank, the merger or
108 consolidation shall be approved by the affirmative
109 vote of the holders of at least two-thirds of the
110 issued and outstanding shares of each class of the
111 capital stock. Such vote shall be taken at
112 separate meetings of the shareholders called for
113 the purpose of considering the proposed merger or
114 consolidation, and not less than ten days' notice
115 of the time, place and purpose of such meeting
116 shall be mailed to the last-known address of each
117 shareholder. Any person entitled to notice under

118 this subsection may waive such notice in
119 accordance with section 33-700. The vote may
120 approve the merger or consolidation either upon
121 the terms of the agreement as approved and
122 executed by the governing board or organizers or
123 with such additions or amendments as may be so
124 approved at such shareholders' or incorporators'
125 meetings of each of the constituent banks.

126 (e) In the case of a merger or consolidation
127 involving at least one mutual constituent bank,
128 after adoption of the merger or consolidation
129 agreement, notice thereof shall be published once
130 each week for two consecutive weeks in one or more
131 newspapers having a circulation in the town in
132 which the main office of each such mutual
133 constituent bank is located. Copies of the record
134 of the meetings adopting the agreement of merger
135 or consolidation, and setting forth the agreement
136 in full, attested by the secretary and president
137 of the respective meetings, shall be certified to
138 and filed in the office of each such mutual
139 constituent bank, there to remain, subject to
140 public inspection, for fifteen days.

141 (f) Upon application by the constituent banks,
142 and upon receipt of a copy of the agreement of
143 merger or consolidation, certified by the
144 secretaries of the respective constituent final
145 banks and certified by the agents for the
146 organizers of the respective constituent temporary
147 banks as having been duly approved in accordance
148 with [subsections (b) and (d)] SUBSECTION (b) of
149 this section, [and of notification from the
150 constituent banks that all approvals required
151 under federal law, including approvals needed for
152 insurance by the Federal Deposit Insurance
153 Corporation or its successor agency, have been
154 obtained and that any waiting period prescribed by
155 federal law has expired,] the commissioner shall
156 determine whether such merger or consolidation
157 will promote public convenience, whether benefits
158 to the public clearly outweigh possible adverse
159 effects, including, but not limited to, an undue
160 concentration of resources and decreased or unfair
161 competition, and whether the terms thereof are
162 reasonable and in accordance with law and sound
163 public policy. The commissioner, if the
164 commissioner so determines, shall approve the
165 merger or consolidation. The commissioner shall

166 not approve such merger or consolidation: (1) If
167 it involves the acquisition of a Connecticut bank
168 that has not been in existence and continuously
169 operating for at least five years, unless the
170 commissioner waives this requirement; or (2) if
171 the resulting bank including all insured
172 depository institutions which are affiliates of
173 the resulting bank, upon consummation of the
174 merger or consolidation, would control thirty per
175 cent or more of the total amount of deposits of
176 insured depository institutions in this state,
177 unless the commissioner permits a greater
178 percentage of such deposits. In addition, the
179 commissioner shall not approve such merger or
180 consolidation unless the commissioner considers
181 whether: (A) The investment and lending policies
182 of the constituent banks, or the proposed
183 investment and lending policies of the resulting
184 bank, are consistent with safe and sound banking
185 practices and will benefit the economy of this
186 state; (B) the services or proposed services of
187 the resulting bank are consistent with safe and
188 sound banking practices and will benefit the
189 economy of this state; (C) the constituent banks
190 have sufficient capital to ensure, and agree to
191 ensure, that the resulting bank will comply with
192 applicable minimum capital requirements; (D) the
193 constituent banks have sufficient managerial
194 resources to operate the resulting bank in a safe
195 and sound manner; and (E) the proposed merger or
196 consolidation will not substantially lessen
197 competition in the banking industry of this state.
198 The commissioner shall not approve such merger or
199 consolidation unless the commissioner makes the
200 findings required by section 36a-34, AS AMENDED,
201 and, in the case of a merger or consolidation of a
202 mutual banking institution, determines that the
203 interests of depositors are protected or served by
204 the agreement of merger or consolidation. After
205 approval of the merger or consolidation by the
206 commissioner, a copy of the agreement and a copy
207 of the commissioner's approval shall be filed in
208 the office of the Secretary of the State. THE
209 RESULTING BANK SHALL NOT COMMENCE BUSINESS UNLESS
210 ITS INSURABLE ACCOUNTS AND DEPOSITS ARE INSURED BY
211 THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ITS
212 SUCCESSOR AGENCY.

213 (g) Upon the completion of a merger or
214 consolidation (1) the constituent banks shall
215 become a Connecticut bank by the name provided in
216 the certificate of incorporation of the resulting
217 bank; (2) the corporate existence of the
218 constituent banks shall be continued by and in the
219 resulting bank; (3) the resulting bank shall
220 possess all the rights, privileges and franchises
221 of each of the constituent banks including the
222 authority to exercise fiduciary powers without
223 further express authority of the commissioner,
224 except that the resulting bank shall be empowered
225 to exercise only those powers that are provided by
226 the laws of this state to the resulting bank and
227 trust company, savings bank or savings and loan
228 association, as the case may be; (4) the entire
229 assets, business, good will and franchises of each
230 of the constituent banks shall be vested in the
231 resulting bank without any deed or transfer,
232 provided the constituent banks may execute such
233 deeds or instruments of conveyance as may be
234 convenient to confirm the same; (5) the resulting
235 bank shall assume and be liable for all debts,
236 accounts, undertakings, contractual obligations
237 and liabilities of the constituent banks and shall
238 exercise and be subject to all the duties,
239 relations, obligations, trusts and liabilities of
240 each of the constituent banks, whether as debtor,
241 depository, registrar, transfer agent, executor,
242 administrator, trustee or otherwise, and shall be
243 liable to pay and discharge all such debts and
244 liabilities, to perform all such duties and to
245 administer all such trusts in the same manner and
246 to the same extent as if the resulting bank had
247 itself incurred the obligation or liability or
248 assumed the duty, relation or trust; (6) all
249 rights of creditors and all liens upon the
250 property of any of such constituent banks shall be
251 preserved unimpaired; and (7) the resulting bank
252 shall be entitled to receive, accept, collect,
253 hold and enjoy any and all gifts, bequests,
254 devises, conveyances, trusts and appointments in
255 favor of or in the name of any of such constituent
256 banks whether made or created to take effect prior
257 to or after such merger or consolidation, and the
258 same shall inure to and vest in such resulting
259 bank. No suit, action or other proceeding pending
260 at the time of the merger or consolidation before

261 any court or tribunal in which any of such
262 constituent banks is a party shall be abated or
263 discontinued because of such merger or
264 consolidation but may be continued and prosecuted
265 to final effect by or against the resulting bank.
266 The resulting bank shall have the right to use the
267 name of any of the constituent banks whenever it
268 can do any act or discharge any duty or obligation
269 or endorse any right under such name more
270 conveniently or with greater advantage to itself
271 or to any person to whom it holds any relation of
272 trust or owes any duty under any contract or
273 conveyance, and no other corporation shall take or
274 use the name of any of such constituent banks.

275 (h) Upon the effectiveness of the agreement of
276 merger or consolidation, the shareholders, if any,
277 of the constituent banks, except to the extent
278 that they have received cash, property or other
279 securities of the resulting bank or shares or
280 other securities of any other corporation in
281 exchange for or upon conversion of their shares,
282 shall be shareholders of a capital stock resulting
283 bank. Unless such agreement otherwise provides,
284 the resulting bank may require each shareholder to
285 surrender such shareholder's certificates of stock
286 in the constituent bank and in that event no
287 shareholder, until such surrender of that
288 shareholder's certificates, shall be entitled to
289 receive a certificate of stock of the resulting
290 bank or to vote thereon or to collect dividends
291 declared thereon, or to receive cash, property or
292 other securities of the resulting bank, or shares
293 or other securities of any other corporation. Any
294 shareholder of any such constituent bank who
295 dissents from the merger or consolidation is
296 entitled to assert dissenters' rights under
297 sections 33-855 to 33-872, inclusive. The rights
298 and obligations of the objecting shareholders and
299 the bank shall be determined in accordance with
300 said sections. The stock of a capital stock
301 resulting bank up to an amount of the combined
302 stock of the constituent banks shall be exempt
303 from any franchise tax.

304 (i) A mutual savings bank or a mutual savings
305 and loan association and a capital stock bank
306 shall not merge or consolidate if the resulting
307 bank is to be a capital stock bank, unless prior
308 to or as part of such merger or consolidation, the

309 mutual savings bank or mutual savings and loan
310 association first converts to a capital stock bank
311 in accordance with section 36a-136, AS AMENDED BY
312 SECTION 4 OF THIS ACT, provided the commissioner
313 may waive any of the provisions of section
314 36a-136, AS AMENDED BY SECTION 4 OF THIS ACT, if
315 the commissioner certifies in writing that the
316 protection of depositors and other creditors of
317 one of the merging or consolidating banks or
318 associations requires that the merger or
319 consolidation proceed without delay. No such
320 conversion shall be required if the resulting bank
321 is to be a mutual savings bank or a mutual savings
322 and loan association.

323 Sec. 3. Section 36a-135 of the general
324 statutes is repealed and the following is
325 substituted in lieu thereof:

326 (a) (1) Any mutual savings bank, federal
327 mutual savings bank, mutual savings and loan
328 association, or federal mutual savings and loan
329 association may convert into a mutual savings
330 bank, federal mutual savings bank, mutual savings
331 and loan association, or federal mutual savings
332 and loan association, in accordance with the
333 provisions of this section and any regulations the
334 commissioner may adopt in accordance with chapter
335 54 as are necessary to allow such conversions on
336 an equitable basis, provided this section does not
337 apply to the conversion of a mutual federal bank
338 into another mutual federal bank.

339 (2) Any conversion pursuant to this section
340 involving the conversion of or to a federal mutual
341 savings bank or federal mutual savings and loan
342 association shall be authorized only if permitted
343 by federal law and shall be subject to all
344 requirements prescribed by federal law.

345 (3) The converting institution shall file with
346 the commissioner a proposed plan of conversion, a
347 copy of the proposed certificate of incorporation,
348 and a certificate by the secretary of the
349 converting institution that the proposed plan of
350 conversion has been approved, in accordance with
351 subdivision (4) of this subsection, by the
352 governing board, and, in the case of a converting
353 savings and loan association, federal savings bank
354 or federal savings and loan association, the
355 depositors or members thereof.

356 (4) The plan of conversion shall require the
357 approval of a majority of the governing board of
358 the converting institution. In the case of a
359 converting savings and loan association, the plan
360 of conversion shall also require the favorable
361 vote of not less than fifty-one per cent of the
362 votes cast by depositors of such association at a
363 special meeting called to consider such
364 conversion. In the case of a converting federal
365 savings bank or federal savings and loan
366 association, the plan of conversion shall require
367 any vote of depositors or members prescribed by
368 federal law.

369 (5) In the case of a converting savings and
370 loan association, any depositor may, within
371 fifteen days after written notice given such
372 depositor of such conversion, signify to such
373 association, in writing, such depositor's dissent
374 therefrom. Any such dissenting depositor shall
375 not, as a result of the conversion, become a
376 depositor of the converted institution, and shall
377 be entitled to receive from the converted
378 institution the value of such depositor's savings
379 account in the converting association, to be
380 ascertained by an appraisal, made as the governing
381 board of the converted institution prescribes. If
382 the value so fixed is not satisfactory to such
383 depositor, such depositor may appeal to the
384 commissioner, who shall make a reappraisal, which
385 is final. If the reappraisal exceeds the value
386 fixed by the governing board, the converted
387 institution shall pay the expenses thereof. If the
388 reappraisal does not exceed the value fixed by the
389 governing board, the appellant shall pay the
390 expenses thereof. The value so ascertained shall
391 be a debt due such depositor from such converted
392 institution. Any depositor of a converting
393 association who does not dissent in accordance
394 with this subdivision shall become a depositor of
395 the converted institution and shall receive,
396 without payment, a withdrawable deposit account or
397 accounts in the converted institution equal in
398 withdrawable amount to the withdrawal value of
399 such depositor's deposit account or accounts in
400 the converting association.

401 [(6) The commissioner, at the commissioner's
402 discretion, may hold a public hearing on any

403 proposed plan of conversion filed under this
404 section.]

405 (b) In any conversion of a mutual savings bank
406 or mutual savings and loan association to a
407 federal mutual savings bank or federal mutual
408 savings and loan association under this section:

409 (1) The commissioner shall approve a
410 conversion under this subsection if the
411 commissioner determines that the converting
412 institution has complied with all applicable
413 provisions of law, [and that approvals needed for
414 deposit insurance by the Federal Deposit Insurance
415 Corporation or its successor agency have been
416 obtained.]

417 (2) After receipt of the commissioner's
418 approval, the converting institution shall
419 promptly file such approval with the Secretary of
420 the State and with the town clerk of the town in
421 which its principal office is located. Upon such
422 filing, and upon the receipt of all necessary
423 approvals required under federal law, the
424 converting institution shall cease to be a mutual
425 savings bank or mutual savings and loan
426 association and shall become a federal mutual
427 savings bank or federal mutual savings and loan
428 association, as the case may be. THE CONVERTED
429 INSTITUTION SHALL NOT COMMENCE BUSINESS UNLESS ITS
430 INSURABLE ACCOUNTS AND DEPOSITS ARE INSURED BY THE
431 FEDERAL DEPOSIT INSURANCE CORPORATION OR ITS
432 SUCCESSOR AGENCY.

433 (c) In any conversion under this section
434 involving the conversion to a mutual savings bank
435 or mutual savings and loan association:

436 (1) The commissioner shall approve a
437 conversion under this subsection if the
438 commissioner determines that: (A) The converting
439 institution has complied with all applicable
440 provisions of law; [and that approvals needed for
441 deposit insurance by the Federal Deposit Insurance
442 Corporation or its successor agency have been
443 obtained;] (B) the converting institution has
444 equity capital at least equal to the minimum
445 equity capital required for the organization of a
446 Connecticut bank; and (C) the proposed conversion
447 will serve the public necessity and convenience.

448 (2) After receipt of the commissioner's
449 approval, the converting institution shall
450 promptly file such approval and its certificate of

451 incorporation with the Secretary of the State and
452 with the town clerk of the town in which its
453 principal office is located. Upon such filing, the
454 converting institution ceases to be the type of
455 institution from which it converted and becomes a
456 mutual savings bank or mutual savings and loan
457 association, as the case may be. THE CONVERTED
458 INSTITUTION SHALL NOT COMMENCE BUSINESS UNLESS ITS
459 INSURABLE ACCOUNTS AND DEPOSITS ARE INSURED BY THE
460 FEDERAL DEPOSIT INSURANCE CORPORATION OR ITS
461 SUCCESSOR AGENCY. Upon such conversion, the
462 converted institution possesses all of the rights,
463 privileges and powers granted to it by its
464 certificate of incorporation and by the provisions
465 of the general statutes applicable to the type of
466 institution into which it converted, and all of
467 the assets, business and good will of the
468 converting institution are transferred to and
469 vested in it without any deed or instrument of
470 conveyance provided the converting institution may
471 execute any deed or instrument of conveyance as is
472 convenient to confirm such transfer. The converted
473 institution is subject to all of the duties,
474 relations, obligations, trusts and liabilities of
475 the converting institution, whether as debtor,
476 depository, registrar, transfer agent, executor,
477 administrator, trustee or otherwise, and is liable
478 to pay and discharge all such debts and
479 liabilities, to perform all such duties and to
480 administer all such trusts in the same manner and
481 to the same extent as if the converted institution
482 had itself incurred the obligation or liability or
483 assumed the duty, relation or trust. All rights of
484 creditors of the converting institution and all
485 liens upon the property of such institution are
486 preserved unimpaired and the converted institution
487 is entitled to receive, accept, collect, hold and
488 enjoy any and all gifts, bequests, devises,
489 conveyances, trusts and appointments in favor of
490 or in the name of the converting institution and
491 whether made or created to take effect prior to or
492 after the conversion.

493 (3) The persons named as directors in the
494 certificate of incorporation of the converted
495 institution shall be its directors until the first
496 annual election of directors after the conversion
497 or until the expiration of their terms as
498 directors, and have the power to take all

499 necessary actions and to adopt bylaws concerning
500 the business and management of such converted
501 institution.

502 Sec. 4. Subsection (j) of section 36a-136 of
503 the general statutes is repealed and the following
504 is substituted in lieu thereof:

505 (j) The commissioner shall approve a
506 conversion under this section if the commissioner
507 determines that: (1) The converting institution
508 has complied with all applicable provisions of
509 law; (2) the conversion would not result in any
510 reduction of the converting institution's amount
511 of equity capital, less any subordinated debt
512 reorganized as bona fide capital; (3) the
513 conversion would not result in a taxable
514 reorganization of the converting institution under
515 the Internal Revenue Code of 1986, or any
516 subsequent corresponding internal revenue code of
517 the United States, as from time to time amended;
518 [(4) approvals needed for deposit insurance by the
519 Federal Deposit Insurance Corporation or its
520 successor agency have been obtained;] and [(5)]
521 (4) the plan of conversion is fair to depositors.
522 THE CONVERTED INSTITUTION SHALL NOT COMMENCE
523 BUSINESS UNLESS ITS INSURABLE ACCOUNTS AND
524 DEPOSITS ARE INSURED BY THE FEDERAL DEPOSIT
525 INSURANCE CORPORATION OR ITS SUCCESSOR AGENCY.

526 Sec. 5. Section 36a-137 of the general
527 statutes is repealed and the following is
528 substituted in lieu thereof:

529 (a) (1) Any capital stock Connecticut bank or
530 capital stock federal bank may convert into any
531 other capital stock Connecticut bank or capital
532 stock federal bank upon the approval of the
533 conversion by the commissioner, provided this
534 section does not apply to the conversion of a
535 capital stock federal bank to another capital
536 stock federal bank. The requirements of the
537 commissioner's approval and subdivisions (3) to
538 (6), inclusive, of this subsection do not apply to
539 the conversion of a capital stock Connecticut bank
540 into a national banking association.

541 (2) Any conversion pursuant to this section
542 involving the conversion of or to a capital stock
543 federal bank shall be authorized only if permitted
544 by federal law and shall be subject to all
545 requirements prescribed by federal law.

546 (3) The converting bank shall file with the
547 commissioner a proposed plan of conversion, a copy
548 of the proposed certificate of incorporation and a
549 certificate by the secretary of the converting
550 bank that the proposed plan of conversion and
551 proposed certificate of incorporation have been
552 approved in accordance with subdivision (4) of
553 this subsection by the governing board and the
554 shareholders.

555 (4) The plan of conversion and proposed
556 certificate of incorporation shall require the
557 approval of a majority of the governing board of
558 the converting bank and, in the case of a
559 converting Connecticut bank, the favorable vote of
560 not less than two-thirds of the holders of each
561 class of the bank's capital stock cast at a
562 meeting called to consider such conversion. In the
563 case of a converting federal bank, the plan of
564 conversion shall require any vote of shareholders
565 prescribed by federal law.

566 (5) Any shareholder of a converting
567 Connecticut bank who, on or before the date of the
568 shareholders' meeting to vote on such conversion,
569 objects to the conversion by filing a written
570 objection with the secretary of the bank may,
571 within ten days after the effective date of such
572 conversion, make written demand upon the converted
573 bank for payment of such shareholder's stock; and
574 thereafter such shareholder's rights shall be the
575 same as those of a shareholder who dissents from
576 the merger of two or more capital stock
577 Connecticut banks.

578 [(6) The commissioner, in the commissioner's
579 discretion, may hold a public hearing on any
580 proposed plan of conversion under this section.]

581 (b) In any conversion under this section of a
582 Connecticut capital stock bank to a capital stock
583 federal bank other than a national banking
584 association:

585 (1) The commissioner shall approve a
586 conversion under this subsection if the
587 commissioner determines that the converting bank
588 has complied with all applicable provisions of
589 law. [, and that approvals needed for deposit
590 insurance by the Federal Deposit Insurance
591 Corporation or its successor agency have been
592 obtained.]

593 (2) After receipt of the commissioner's
594 approval, the converting bank shall promptly file
595 the approval with the Secretary of the State and
596 with the town clerk of the town in which its
597 principal office is located. Upon filing, and upon
598 the receipt of all necessary approvals required
599 under federal law, the converting bank ceases to
600 be a capital stock Connecticut bank and becomes a
601 capital stock federal bank. THE CONVERTED BANK
602 SHALL NOT COMMENCE BUSINESS UNLESS ITS INSURABLE
603 ACCOUNTS AND DEPOSITS ARE INSURED BY THE FEDERAL
604 DEPOSIT INSURANCE CORPORATION OR ITS SUCCESSOR
605 AGENCY.

606 (c) In any conversion under this section
607 involving the conversion to a capital stock
608 Connecticut bank:

609 (1) The commissioner shall approve a
610 conversion under this subsection if the
611 commissioner determines that: (A) The converting
612 bank has complied with all applicable provisions
613 of law; [, and that approvals needed for deposit
614 insurance by the Federal Deposit Insurance
615 Corporation or its successor agency have been
616 obtained;] (B) the converting bank has equity
617 capital at least equal to the minimum equity
618 capital for the organization of a Connecticut
619 bank; and (C) the proposed conversion will serve
620 public necessity and convenience.

621 (2) After receipt of the commissioner's
622 approval, the converting bank shall promptly file
623 such approval and its certificate of incorporation
624 with the Secretary of the State and with the town
625 clerk of the town in which its principal office is
626 located. Upon such filing, the converting bank
627 shall cease to be the type of bank from which it
628 converted and shall become a bank and trust
629 company, capital stock savings bank or capital
630 stock savings and loan association, as the case
631 may be. THE CONVERTED CONNECTICUT BANK SHALL NOT
632 COMMENCE BUSINESS UNLESS ITS INSURABLE ACCOUNTS
633 AND DEPOSITS ARE INSURED BY THE FEDERAL DEPOSIT
634 INSURANCE CORPORATION OR ITS SUCCESSOR AGENCY.
635 Upon such conversion, the converted Connecticut
636 bank possesses all of the rights, privileges and
637 powers granted to it by its certificate of
638 incorporation and by the provisions of the general
639 statutes applicable to the type of Connecticut
640 bank into which it converted, and all of the

641 assets, business and good will of the converting
642 bank are transferred to and vested in it without
643 any deed or instrument of conveyance, provided the
644 converting bank may execute any deed or instrument
645 of conveyance as is convenient to confirm such
646 transfer. The converted Connecticut bank is
647 subject to all of the duties, relations,
648 obligations, trusts and liabilities of the
649 converting bank, whether as debtor, depository,
650 registrar, transfer agent, executor,
651 administrator, trustee or otherwise, and is liable
652 to pay and discharge all such debts and
653 liabilities, to perform all such duties and to
654 administer all such trusts in the same manner and
655 to the same extent as if the converted Connecticut
656 bank had itself incurred the obligation or
657 liability or assumed the duty, relation or trust.
658 All rights of creditors of the converting bank and
659 all liens upon the property of such bank are
660 preserved unimpaired and the converted Connecticut
661 bank is entitled to receive, accept, collect, hold
662 and enjoy any and all gifts, bequests, devises,
663 conveyances, trusts and appointments in favor of
664 or in the name of the converting bank and whether
665 made or created to take effect prior to or after
666 the conversion.

667 (3) The persons named as directors in the
668 certificate of incorporation shall be the
669 directors of the converted Connecticut bank until
670 the first annual election of directors after the
671 conversion or until the expiration of their terms
672 as directors, and shall have the power to take all
673 necessary actions and to adopt bylaws concerning
674 the business and management of such Connecticut
675 bank.

676 (4) No such converted Connecticut bank shall
677 exercise any of the fiduciary powers granted to
678 Connecticut banks by law until express authority
679 therefor has been given by the commissioner,
680 unless such powers were legally exercised by the
681 bank at the time of conversion.

682 (5) The franchise tax required to be paid by
683 capital stock Connecticut banks on an increase of
684 capital stock shall be paid upon the capital stock
685 of any such converted Connecticut bank converting
686 from a capital stock federal bank, the amount
687 subject to such tax to be determined by deducting
688 from the entire amount of such stock, the amount

689 of the capital stock of the capital stock federal
690 bank upon which such tax was paid during its
691 existence as a capital stock Connecticut bank, if
692 such capital stock federal bank came into
693 existence by virtue of conversion from a capital
694 stock Connecticut bank or by virtue of merger or
695 consolidation of a capital stock Connecticut bank
696 with a capital stock federal bank.

697 (d) Notwithstanding the provisions of
698 subsection (a) of this section, no reorganized
699 savings institution shall have the power to
700 convert into a bank and trust company, capital
701 stock savings bank or capital stock savings and
702 loan association, as the case may be.

703 Sec. 6. Subsection (c) of section 36a-138 of
704 the general statutes is repealed and the following
705 is substituted in lieu thereof:

706 (c) The commissioner shall approve a
707 conversion under this section if the commissioner
708 determines that: (1) The converting institution
709 has complied with all applicable provisions of
710 law; [and that approvals needed for deposit
711 insurance by the Federal Deposit Insurance
712 Corporation or its successor agency have been
713 obtained;] (2) the proposed conversion will serve
714 public necessity and convenience; and (3) in the
715 case of a conversion to a mutual savings bank or
716 mutual savings and loan association, the
717 converting institution has equity capital at least
718 equal to the minimum equity capital required for
719 the organization of a Connecticut bank. THE
720 CONVERTED INSTITUTION SHALL NOT COMMENCE BUSINESS
721 UNLESS ITS INSURABLE ACCOUNTS AND DEPOSITS ARE
722 INSURED BY THE FEDERAL DEPOSIT INSURANCE
723 CORPORATION OR ITS SUCCESSOR AGENCY.

724 Sec. 7. Section 36a-185 of the general
725 statutes is repealed and the following is
726 substituted in lieu thereof:

727 (a) The offer, invitation, request, agreement
728 or acquisition referred to in section 36a-184 may
729 be made unless the commissioner disapproves it
730 within sixty days after the acquisition statement
731 has been filed with the commissioner, or unless
732 within the first thirty days of such sixty days
733 the commissioner calls a public hearing [. The
734 commissioner may call such a hearing in the
735 commissioner's discretion and shall call such a

736 hearing if the bank or holding company named in
737 the acquisition statement:

738 (1) Files with the commissioner a written
739 request for a hearing no later than fifteen days
740 after the filing with the commissioner, or the
741 receipt by the bank or holding company, of the
742 acquisition statement, whichever is later; and

743 (2) With such written request, files a
744 statement of issues of fact which, if proved,
745 would constitute grounds for the commissioner's
746 disapproval under subsection (d) of this section.
747 Such hearing shall be called to commence within
748 sixty days of the filing of the acquisition
749 statement] IN ACCORDANCE WITH SECTION 11 OF THIS
750 ACT. The offer, invitation, request, agreement or
751 acquisition may be made prior to the expiration of
752 the sixty-day disapproval period if the
753 commissioner issues written notice of the
754 commissioner's intent not to disapprove the
755 action.

756 [(b) The commissioner shall give not less than
757 fifteen days' notice of the public hearing to the
758 person filing the acquisition statement and to the
759 bank or holding company referred to in the
760 acquisition statement. The commissioner may give,
761 or may require that the person filing the
762 acquisition statement give, not less than fifteen
763 days' notice of the hearing to the shareholders of
764 such bank or holding company and such other
765 interested persons as may be designated by the
766 commissioner to receive notice, in a form approved
767 by the commissioner. The commissioner may, in the
768 commissioner's discretion, require that a copy of
769 the acquisition statement accompany the notice to
770 the shareholders of such bank or holding company.
771 If the hearing was requested by the person filing
772 the acquisition statement, the notice to the
773 shareholders of such bank or holding company and a
774 copy of the acquisition statement, if required by
775 the commissioner, shall be mailed to them by such
776 bank or holding company at the expense of the
777 person filing the statement.

778 (c) Any such hearing shall be conducted in
779 accordance with chapter 54.

780 (d) The commissioner shall make a
781 determination as promptly as practicable after the
782 conclusion of such hearing. The determination
783 shall state either that the commissioner

784 disapproves the offer, invitation, request,
785 agreement or acquisition or that the commissioner
786 does not disapprove it.]

787 (b) The commissioner may disapprove any such
788 offer, invitation, request, agreement or
789 acquisition if the commissioner finds that:

790 (1) Upon completion of the acquisition, the
791 bank referred to in the acquisition statement
792 would be unable to satisfy the requirements for
793 the issuance of a certificate of incorporation or
794 a certificate of authority to carry on the
795 business of banking to the same extent and in the
796 same manner as it was authorized to carry on such
797 business immediately prior to the acquisition;

798 (2) The financial condition of the acquiring
799 person might jeopardize the financial stability of
800 such bank or holding company, or prejudice the
801 interests of depositors or security holders whose
802 securities will not be acquired by the acquiring
803 person;

804 (3) If a tender offer or exchange offer is
805 contemplated, its terms are unfair and inequitable
806 to the security holders of such bank or holding
807 company;

808 (4) The plans or proposals which the acquiring
809 person has to liquidate such bank or holding
810 company, to sell its assets or to merge or
811 consolidate it with any person, or to make any
812 other material change in its business or corporate
813 structure or management, are unfair or prejudicial
814 to depositors or to security holders of such bank
815 or holding company;

816 (5) The competence, experience and integrity
817 of the acquiring person are such that it would not
818 be in the interest of the depositors or of the
819 security holders of such bank or holding company
820 or in the public interest for such offer, request,
821 invitation, agreement or acquisition to be made;
822 or

823 (6) The benefits to the public are clearly
824 outweighed by the possible adverse effects,
825 including, but not limited to, an undue
826 concentration of resources and decreased or unfair
827 competition.

828 [(e)] (c) The commissioner shall disapprove
829 such offer, invitation, request, agreement or
830 acquisition if: (1) It involves the acquisition of
831 the voting securities or securities convertible

832 into voting securities of a bank that has not been
833 in existence and continuously operating for at
834 least five years, or a holding company, the
835 subsidiary banks of which have not been in
836 existence and continuously operating for at least
837 five years, unless the commissioner waives this
838 requirement or (2) the acquiring person, including
839 all insured depository institutions which are
840 affiliates of the person, upon consummation of the
841 acquisition, would control thirty per cent or more
842 of the total amount of deposits of insured
843 depository institutions in this state, unless the
844 commissioner permits a greater percentage of such
845 deposits. In making the determination to
846 disapprove or not to disapprove such offer,
847 invitation, request, agreement or acquisition, the
848 commissioner shall consider whether: (A) The
849 investment and lending policies of the bank
850 referred to in the acquisition statement are
851 consistent with safe and sound banking practices
852 and will benefit the economy of this state; (B)
853 the services or proposed services of the bank
854 referred to in the acquisition statement are
855 consistent with safe and sound banking practices
856 and will benefit the economy of this state; (C)
857 the proposed acquisition will not substantially
858 lessen competition in the banking industry of this
859 state; and (D) the acquiring person, if such
860 person would be the beneficial owner of
861 twenty-five per cent or more of any class of
862 voting securities of the bank or holding company
863 referred to in the acquisition statement, (i) has
864 sufficient capital to ensure, and agrees to
865 ensure, that the bank referred to in the
866 acquisition statement will comply with applicable
867 minimum capital requirements, and (ii) has
868 sufficient managerial resources to operate the
869 bank or holding company referred to in the
870 acquisition statement in a safe and sound manner.
871 The commissioner shall disapprove such offer,
872 invitation, request, agreement or acquisition
873 unless the commissioner can make the findings
874 required by section 36a-34, AS AMENDED.

875 Sec. 8. Subsection (b) of section 36a-192 of
876 the general statutes, as amended by section 3 of
877 public act 97-223, is repealed and the following
878 is substituted in lieu thereof:

879 (b) (1) Notwithstanding any other provision of
880 the general statutes, any mutual savings bank or
881 mutual savings and loan association may reorganize
882 so as to form a mutual holding company by: (A)
883 Causing a nonstock corporation to be organized
884 under the laws of this state; (B) (i) in the case
885 of a mutual savings bank, causing such nonstock
886 corporation to form a reorganized savings
887 institution by organizing a capital stock savings
888 bank in accordance with section 36a-193, as
889 amended by section 4 of [this act] PUBLIC ACT
890 97-223, or (ii) in the case of a mutual savings
891 and loan association, causing such nonstock
892 corporation to form a reorganized savings
893 institution by organizing a capital stock savings
894 and loan association in accordance with section
895 36a-193, as amended by section 4 of [this act]
896 PUBLIC ACT 97-223; (C) causing such nonstock
897 corporation to acquire a majority of the ordinary
898 voting shares of such reorganized savings
899 institution; and (D) merging the mutual savings
900 bank or mutual savings and loan association with
901 and into such reorganized savings institution in
902 accordance with the provisions of subdivision (2)
903 of this subsection and section 36a-125, AS AMENDED
904 BY SECTION 2 OF THIS ACT, except that subsections
905 (e), (f) and (i) of section 36a-125, AS AMENDED BY
906 SECTION 2 OF THIS ACT, shall not apply.

907 (2) Upon application by the constituent banks,
908 and upon receipt of a copy of the agreement of
909 merger, [certified by the secretaries of the
910 constituent banks as having been duly approved in
911 accordance with subsections (b) and (d) of section
912 36a-125, and of notification from the constituent
913 banks that all approvals needed for insurance by
914 the Federal Deposit Insurance Corporation or its
915 successor agency have been obtained and that any
916 waiting period prescribed by federal law has
917 expired,] the commissioner shall determine whether
918 the terms of the merger are reasonable and in
919 accordance with law and sound public policy. The
920 commissioner, if the commissioner so determines,
921 shall approve the merger. The commissioner shall
922 not approve the merger of the mutual savings bank
923 or mutual savings and loan association with and
924 into the reorganized savings institution if: (A)
925 The merger would be unfair or prejudicial to the
926 depositors of the mutual savings bank or mutual

927 savings and loan association; (B) the interest of
928 the public will not be served by the merger; (C)
929 disapproval is necessary to prevent unsafe and
930 unsound banking practices; or (D) the financial or
931 managerial resources of the constituent banks do
932 not warrant approval of the merger. After approval
933 of the merger by the commissioner, a copy of the
934 agreement and a copy of the commissioner's
935 approval shall be filed in the office of the
936 Secretary of the State. Upon completion of the
937 merger, the nonstock corporation shall be a mutual
938 holding company and persons who had ownership,
939 liquidation or voting rights with respect to the
940 mutual savings bank or mutual savings and loan
941 association shall continue to have such rights
942 solely with respect to such mutual holding
943 company.

944 Sec. 9. Section 4 of public act 97-209 is
945 repealed and the following is substituted in lieu
946 thereof:

947 (a) Any community bank organized pursuant to
948 subsection (r) of section 36a-70 of the general
949 statutes, as amended by section 3 of [this act]
950 PUBLIC ACT 97-209, may, upon the approval of the
951 commissioner, expand its powers and operate
952 without the limitations provided in subdivision
953 (3) of subsection (r) of section 36a-70 of the
954 general statutes, as amended by section 3 of [this
955 act] PUBLIC ACT 97-209.

956 (b) A community bank that proposes to expand
957 its powers shall file with the commissioner a
958 proposed plan of expansion, a copy of the proposed
959 certificate of incorporation and a certificate by
960 the secretary of the community bank that the
961 proposed plan of expansion and proposed
962 certificate of incorporation have been approved in
963 accordance with subsection (c) of this section.

964 (c) The proposed plan of expansion and
965 proposed certificate of incorporation shall
966 require the approval of a majority of the
967 governing board of the community bank and the
968 favorable vote of not less than two-thirds of the
969 holders of each class of the bank's capital stock,
970 if any, or, in the case of a mutual community
971 bank, the incorporators thereof, cast at a meeting
972 called to consider such expansion.

973 (d) Any shareholder of a capital stock
974 community bank that proposes to expand its powers

975 who, on or before the date of the shareholders'
976 meeting to vote on such expansion, objects to the
977 expansion by filing a written objection with the
978 secretary of such bank may, within ten days after
979 the effective date of such expansion, make written
980 demand upon the bank for payment of such
981 shareholder's stock. Any such shareholder that
982 makes such objection and demand shall have the
983 same rights as those of a shareholder who dissents
984 from the merger of two or more capital stock
985 Connecticut banks.

986 [(e)] The commissioner, in the commissioner's
987 discretion, may hold a public hearing on any
988 proposed plan of expansion under this section.]

989 [(f)] (e) The commissioner shall approve an
990 expansion of powers under this section if the
991 commissioner determines that: (1) The community
992 bank has complied with all applicable provisions
993 of law; [and approvals needed for deposit
994 insurance by the Federal Deposit Insurance
995 Corporation or its successor agency have been
996 obtained;] (2) the community bank has equity
997 capital of at least five million dollars; (3) the
998 community bank has received satisfactory ratings
999 on its most recent state or federal safety and
1000 soundness examination and Community Reinvestment
1001 Act examination; and (4) the proposed expansion of
1002 powers will serve the public necessity and
1003 convenience.

1004 [(g)] (f) After receipt of the commissioner's
1005 approval, the community bank shall promptly file
1006 such approval and its certificate of incorporation
1007 with the Secretary of the State and with the town
1008 clerk of the town in which its principal office is
1009 located. Upon such filing, the bank shall cease to
1010 be a community bank subject to the limitations
1011 provided in subdivision (3) of subsection (r) of
1012 section 36a-70 of the general statutes, as amended
1013 by section 3 of [this act] PUBLIC ACT 97-209, and
1014 shall be a Connecticut bank possessed of all
1015 rights, privileges and powers granted to it by its
1016 certificate of incorporation and by the provisions
1017 of the general statutes applicable to its type of
1018 Connecticut bank, and all of the assets, business
1019 and good will of the community bank shall be
1020 transferred to and vested in such Connecticut bank
1021 without any deed or instrument of conveyance,
1022 provided the Connecticut bank may execute any deed

1023 or instrument of conveyance as is convenient to
1024 confirm such transfer. Such Connecticut bank shall
1025 be subject to all of the duties, relations,
1026 obligations, trusts and liabilities of the
1027 community bank, whether as debtor, depository,
1028 registrar, transfer agent, executor, administrator
1029 or otherwise, and shall be liable to pay and
1030 discharge all such debts and liabilities, to
1031 perform all such duties in the same manner and to
1032 the same extent as if the Connecticut bank had
1033 itself incurred the obligation or liability or
1034 assumed the duty or relation. All rights of
1035 creditors of the predecessor community bank and
1036 all liens upon the property of such bank shall be
1037 preserved unimpaired and the Connecticut bank
1038 shall be entitled to receive, accept, collect,
1039 hold and enjoy any and all gifts, bequests,
1040 devises, conveyances, trusts and appointments in
1041 favor of or in the name of the community bank and
1042 whether made or created to take effect prior to or
1043 after the expansion of powers.

1044 [(h)] (g) The persons named as directors in
1045 the certificate of incorporation shall be the
1046 directors of such Connecticut bank until the first
1047 annual election of directors after the expansion
1048 of powers or until the expiration of their terms
1049 as directors, and shall have the power to take all
1050 necessary actions and to adopt bylaws concerning
1051 the business and management of such Connecticut
1052 bank.

1053 [(i)] (h) No such Connecticut bank may
1054 exercise any of the fiduciary powers granted to
1055 Connecticut banks by law until express authority
1056 therefor has been given by the commissioner,
1057 unless such authority was previously granted to
1058 the predecessor community bank.

1059 [(j)] (i) The franchise tax required to be
1060 paid by capital stock Connecticut banks upon an
1061 increase of capital stock shall be paid upon the
1062 capital stock of any such Connecticut bank,
1063 provided, any franchise tax paid by the
1064 predecessor community bank shall be subtracted
1065 from any amount owed under this subsection.

1066 Sec. 10. Section 5 of public act 97-209 is
1067 repealed and the following is substituted in lieu
1068 thereof:

1069 (a) (1) Any Connecticut credit union or
1070 federal credit union may convert into a mutual

1071 savings bank, a mutual savings and loan
1072 association, or a mutual community bank, as
1073 defined in subsection (r) of section 36a-70 of the
1074 general statutes, as amended by section 3 of [this
1075 act] PUBLIC ACT 97-209, in accordance with the
1076 provisions of this section.

1077 (2) Any conversion of a federal credit union
1078 pursuant to this section shall be authorized only
1079 if permitted by federal law and shall be subject
1080 to all requirements prescribed by federal law.

1081 (3) The converting credit union shall file
1082 with the commissioner: (A) A proposed plan of
1083 conversion which shall include current financial
1084 reports, current delinquent loan schedules, a
1085 combined financial report if applicable, a
1086 proposed business plan, a three-year financial
1087 forecast prepared by a certified public accounting
1088 firm or other professional firm approved by the
1089 commissioner, analyses of the regulatory effect of
1090 the conversion brought about by a change in the
1091 regulator, a method and schedule for terminating
1092 any nonconforming activities that would result
1093 from such conversion, and a provision requiring
1094 that for a period of at least two years after the
1095 effective date of the conversion, the converted
1096 mutual Connecticut bank shall not pay any fees or
1097 expenses to directors nor enter into any
1098 agreements with directors or their affiliates to
1099 provide any products or services to the converted
1100 mutual Connecticut bank; (B) a copy of the
1101 proposed certificate of incorporation and proposed
1102 bylaws; and (C) a certificate by the secretary of
1103 the converting credit union that the proposed
1104 conversion has been approved by the governing
1105 board and the members, in accordance with
1106 subdivision (4) of this subsection in the case of
1107 a converting Connecticut credit union, and in
1108 accordance with federal law in the case of a
1109 converting federal credit union.

1110 (4) In the case of a converting Connecticut
1111 credit union, the plan of conversion shall require
1112 the approval of a majority of the governing board.
1113 After approving the plan of conversion, the
1114 governing board of the converting Connecticut
1115 credit union shall establish the date and time of
1116 a regular or special meeting of members for vote
1117 on the proposal. Written notice of the meeting at
1118 which the proposal is to be considered together

1119 with a mail ballot and a disclosure statement
1120 shall be hand-delivered or mailed to each member,
1121 at such member's last-known address as shown on
1122 the records of the converting Connecticut credit
1123 union, not more than thirty days nor less than
1124 fourteen days prior to the date of the meeting.
1125 The notice, disclosure statement and mail ballot
1126 shall comply with the requirements of Appendix A
1127 to 12 CFR Part 708a, as from time to time amended,
1128 and shall be submitted to the commissioner for
1129 approval prior to distribution to members. Each
1130 member of the converting Connecticut credit union
1131 may cast one vote on the proposal. The affirmative
1132 vote of two-thirds of all the members voting,
1133 including those votes cast in person and those
1134 ballots properly completed and received by the
1135 converting Connecticut credit union prior to the
1136 time of the meeting, shall be required for
1137 approval of the conversion.

1138 [(b) The commissioner, in the commissioner's
1139 discretion, may hold a public hearing on any
1140 proposed plan of conversion filed under this
1141 section.]

1142 [(c)] (b) The commissioner shall not approve
1143 the conversion unless the commissioner makes the
1144 considerations, determinations and findings
1145 required by subsections [(d), (e) and (f)] (c),
1146 (d) AND (e) of this section.

1147 [(d)] (c) The commissioner shall not approve
1148 the conversion unless the commissioner considers
1149 the following factors: (1) The population of the
1150 area to be served by the proposed mutual
1151 Connecticut bank; (2) the adequacy of existing
1152 banking facilities in the area to be served by the
1153 proposed mutual Connecticut bank; and (3) the
1154 character and experience of the proposed directors
1155 and officers.

1156 [(e)] (d) The commissioner shall not approve
1157 the conversion unless the commissioner determines
1158 that: (1) The converting credit union has complied
1159 with all applicable provisions of law; (2) the
1160 converting credit union has equity capital at
1161 least equal to the minimum equity capital required
1162 for the organization of the type of mutual
1163 Connecticut bank to which it is converting; (3)
1164 the proposed conversion will serve the public
1165 necessity and convenience; (4) conditions in the
1166 locality in which the proposed mutual Connecticut

1167 bank will transact business afford reasonable
1168 promise of successful operation; and (5) the
1169 proposed directors and executive officers possess
1170 capacity and fitness for the duties and
1171 responsibilities with which they will be charged.
1172 If the commissioner cannot make such determination
1173 with respect to any such proposed director or
1174 proposed executive officer, the commissioner may
1175 refuse to allow such proposed director or proposed
1176 executive officer to serve in such capacity in the
1177 proposed mutual Connecticut bank. As used in this
1178 subsection, "executive officer" means every
1179 officer of the proposed mutual Connecticut bank
1180 who participates or has authority to participate,
1181 other than in the capacity of a director, in major
1182 policy-making functions of the proposed mutual
1183 Connecticut bank, regardless of whether such
1184 officer has an official title or whether such
1185 officer's title contains a designation of
1186 assistant or whether such officer serves without
1187 salary or other compensation. The vice president,
1188 the chief financial officer, secretary and
1189 treasurer of the proposed mutual Connecticut bank
1190 are presumed to be executive officers, unless, by
1191 resolution of the governing board or by the
1192 proposed mutual Connecticut bank's bylaws, any
1193 such officer is excluded from participation in
1194 major policy-making functions, other than in the
1195 capacity of a director of the proposed mutual
1196 Connecticut bank, and such officer does not
1197 actually participate in major policy-making
1198 functions.

1199 [(f)] (e) The commissioner shall not approve
1200 the conversion unless the commissioner finds that
1201 the proposed mutual Connecticut bank will provide
1202 adequate services to meet the banking needs of all
1203 community residents, including low-income
1204 residents and moderate-income residents in
1205 accordance with a plan submitted by the converting
1206 credit union to the commissioner, in such form and
1207 containing such information as the commissioner
1208 may require. Upon receiving any such plan, the
1209 commissioner shall make the plan available for
1210 public inspection and comment at the Department of
1211 Banking and cause notice of its submission and
1212 availability for inspection and comment to be
1213 published in the department's weekly bulletin.
1214 With the concurrence of the commissioner, the

1215 converting credit union shall publish, in the form
1216 of a legal advertisement in a newspaper having a
1217 substantial circulation in the area, notice of
1218 such plan's submission and availability for public
1219 inspection and comment. The notice shall state
1220 that the inspection and comment period will last
1221 for a period of thirty days from the date of
1222 publication. The commissioner shall not make such
1223 finding until the expiration of such thirty-day
1224 period. In making such finding, the commissioner
1225 shall consider, among other factors, whether the
1226 plan identifies specific unmet credit and consumer
1227 banking needs in the local community and specifies
1228 how such needs will be satisfied, provides for
1229 sufficient distribution of banking services among
1230 branches or satellite devices, or both, located in
1231 low-income neighborhoods, contains adequate
1232 assurances that banking services will be offered
1233 on a nondiscriminatory basis and demonstrates a
1234 commitment to extend credit for housing, small
1235 business and consumer purposes in low-income
1236 neighborhoods.

1237 [(g)] (f) If the conversion is approved by the
1238 commissioner and the commissioner receives
1239 notification from the converting credit union that
1240 all approvals required under federal law,
1241 including approvals needed for deposit insurance
1242 by the Federal Deposit Insurance Corporation or
1243 its successor agency have been obtained and that
1244 any waiting period prescribed by federal law has
1245 expired, a certificate of authority to commence
1246 business shall be issued by the commissioner.
1247 After receipt of the certificate of authority, the
1248 converting credit union shall promptly file such
1249 certificate of authority and its certificate of
1250 incorporation with the Secretary of the State and
1251 with the town clerk of the town in which its
1252 principal office is located. Upon such filing, the
1253 license of the converting credit union shall
1254 automatically lapse and the converting credit
1255 union shall cease to be a credit union and shall
1256 become a mutual savings bank, mutual savings and
1257 loan association or mutual community bank, as the
1258 case may be. Upon such conversion, the converted
1259 mutual Connecticut bank shall possess all of the
1260 rights, privileges and powers granted to it by its
1261 certificate of incorporation and by the provisions
1262 of the general statutes applicable to the type of

1263 institution into which it converted, and all of
1264 the assets and business of the converting credit
1265 union shall be transferred to and vested in it
1266 without any deed or instrument of conveyance,
1267 provided the converting credit union may execute
1268 any deed or instrument of conveyance as is
1269 convenient to confirm such transfer. The converted
1270 mutual Connecticut bank shall be subject to all of
1271 the duties, relations, obligations and liabilities
1272 of the converting credit union, whether as debtor,
1273 depository or otherwise, and shall be liable to
1274 pay and discharge all such debts and liabilities,
1275 to perform all such duties in the same manner and
1276 to the same extent as if the converted mutual
1277 Connecticut bank had itself incurred the
1278 obligation or liability or assumed the duty or
1279 relation. All rights of creditors of the
1280 converting credit union and all liens upon the
1281 property of such credit union shall be preserved
1282 unimpaired and the converted mutual Connecticut
1283 bank shall be entitled to receive, accept,
1284 collect, hold and enjoy any and all gifts,
1285 bequests, devises, conveyances and appointments in
1286 favor of or in the name of the converting credit
1287 union and whether made or created to take effect
1288 prior to or after the conversion.

1289 [(h)] (g) Within ninety days after the
1290 conversion, the converted mutual Connecticut bank
1291 shall record a certificate, signed by the
1292 secretary and stating that the conversion is
1293 effective, in the office of the town clerk in each
1294 town in this state where the converted mutual
1295 Connecticut bank owns real property.

1296 [(i)] (h) The converted mutual Connecticut
1297 bank may not exercise any of the fiduciary powers
1298 granted to Connecticut banks by law until express
1299 authority therefor has been given by the
1300 commissioner.

1301 [(j)] (i) The converted mutual Connecticut
1302 bank may not convert to a capital stock bank for a
1303 period of three years following the date of the
1304 conversion from a Connecticut credit union or
1305 federal credit union to a mutual savings bank,
1306 mutual savings and loan association or mutual
1307 community bank, as the case may be.

1308 Sec. 11. (NEW) (a) The Commissioner of
1309 Banking, in the commissioner's discretion, may
1310 hold a hearing in connection with any application

1311 filed with the commissioner and otherwise, with
1312 respect to any matter within the commissioner's
1313 jurisdiction, as the commissioner may determine.
1314 In the case of an acquisition pursuant to section
1315 36a-184 of the general statutes, the commissioner
1316 shall call such a hearing if the bank or holding
1317 company named in the acquisition statement:

1318 (1) Files with the commissioner a written
1319 request for a hearing not later than fifteen days
1320 after the acquisition statement is filed with the
1321 commissioner or the acquisition statement is
1322 received by the bank or holding company, whichever
1323 is later; and

1324 (2) With such written request, files a
1325 statement of issues of fact which, if proved,
1326 would constitute grounds for the commissioner's
1327 disapproval under subsection (b) of section
1328 36a-185 of the general statutes, as amended by
1329 section 5 of this act. Such hearing shall be
1330 called to commence not later than sixty days after
1331 the filing of the acquisition statement.

1332 (b) The commissioner shall give not less than
1333 fifteen days' notice of hearing held in connection
1334 with an acquisition pursuant to section 36a-184 of
1335 the general statutes to the person filing the
1336 acquisition statement and to the bank or holding
1337 company referred to in the acquisition statement.
1338 The commissioner may give, or may require that the
1339 person filing the acquisition statement give, not
1340 less than fifteen days' notice of the hearing to
1341 the shareholders of such bank or holding company
1342 and such other interested persons as may be
1343 designated by the commissioner to receive notice.
1344 Any such notice to shareholders and other
1345 interested persons shall be in a form approved by
1346 the commissioner. The commissioner may, in the
1347 commissioner's discretion, require that a copy of
1348 the acquisition statement accompany the notice to
1349 the shareholders of such bank or holding company.
1350 If the hearing was requested by the person filing
1351 the acquisition statement, the notice to the
1352 shareholders of such bank or holding company and a
1353 copy of the acquisition statement, if required by
1354 the commissioner, shall be mailed to the
1355 shareholders by such bank or holding company at
1356 the expense of the person filing the statement.
1357 The commissioner shall make a determination as
1358 promptly as practicable after the conclusion of

1359 such hearing. The determination shall state either
1360 that the commissioner disapproves the offer,
1361 invitation, request, agreement or acquisition or
1362 that the commissioner does not disapprove it.

1363 (c) Any hearing held under this section shall
1364 be conducted in accordance with chapter 54 of the
1365 general statutes.

* * * * *

"THE FOLLOWING FISCAL IMPACT STATEMENT AND BILL ANALYSIS ARE PREPARED FOR THE BENEFIT OF MEMBERS OF THE GENERAL ASSEMBLY, SOLELY FOR PURPOSES OF INFORMATION, SUMMARIZATION AND EXPLANATION AND DO NOT REPRESENT THE INTENT OF THE GENERAL ASSEMBLY OR EITHER HOUSE THEREOF FOR ANY PURPOSE."

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FISCAL IMPACT STATEMENT - BILL NUMBER HB 5280

STATE IMPACT None, see explanation below

MUNICIPAL IMPACT None

STATE AGENCY(S) Department of Banking, State
 Treasurer, State Comptroller

EXPLANATION OF ESTIMATES:

The bill as amended streamlines procedures for extending temporary certificates of authority to organize a bank. There is no workload impact as a result of the passage of this bill as amended.

House "A" is technical in nature and has no fiscal impact.

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OLR AMENDED BILL ANALYSIS

HB 5280 (as amended by House "A")*

AN ACT CONCERNING BANK APPLICATIONS

SUMMARY: This bill streamlines procedures for extending a temporary certificate of authority to organize a bank; provides more flexibility in the timing and coordination of approvals for bank mergers, consolidations, and conversions; and replaces specific authorizations for the banking commissioner to hold hearings at his discretion on various applications with a general authority to do so for any applications or matters in his jurisdiction.

*House Amendment "A" makes several technical corrections.

EFFECTIVE DATE: October 1, 1998

FURTHER EXPLANATION

Temporary Certificate Extensions

The bill allows the banking commissioner alone to grant an extension of a temporary certificate of authority for a new state-chartered bank in the process of organizing. Current law requires the "approving authority" which initially approves the temporary certificate to also approve the extension. For commercial banks and capital stock savings banks, the approving authority is a majority of the commissioner, the state treasurer, and the state comptroller. The commissioner is already the sole approving authority for other types of banks (capital stock and mutual savings and loan associations and mutual savings banks).

Timing of Approvals

The bill gives the commissioner more flexibility in the timing of his approval for certain bank applications. Current law requires him to obtain certification of shareholder approval before he approves a merger or consolidation. It also requires evidence of federal approvals needed for deposit insurance and of the expiration of any federally required waiting periods before he consents to a merger, consolidation, or a conversion from one type of bank to another or to or from a federal or state charter. By deleting these requirements, the bill allows the commissioner to coordinate with federal agencies that sometimes require his approval first. But it prohibits a bank from commencing business in its new form unless it has federal deposit insurance.

Hearings

The bill gives the commissioner general authority, at his discretion, to hold a hearing in connection with any application filed with him and with respect to any matter in his jurisdiction, as long as he conducts it according to the Uniform Administrative Procedure Act.

This general authority replaces various specific references to the commissioner's authority to hold a hearing. But the bill maintains the specific procedure for holding hearings concerning acquisitions of banks and holding companies at the request of the entity being acquired, while making minor technical changes in it.

COMMITTEE ACTION

Banks Committee

Joint Favorable Report
Yea 18 Nay 0